

**Analysis of Surface Transportation Reauthorization Conference Report, the Moving Ahead for Progress
in the 21st Century Act (MAP-21)
July 2012**

On June 29, 2012 the House and Senate approved a surface transportation reauthorization conference agreement. The agreement is based on a two-year reauthorization bill passed by the Senate in March 2012 (S. 1813) and an extension bill of SAFETEA-LU passed by the House in April 2012 (H.R. 4348) as a vehicle to go to a House-Senate conference with the Senate's bill. The House was unable to pass their five-year reauthorization bill (H.R. 7) earlier this year. President Obama signed the bill into law on July 6, 2012.

House and Senate conferees on the surface transportation reauthorization bill were named in late April and since that time members have been negotiating a conference agreement. As the expiration date of the current extension (June 30) approached, the leadership of the conference committee renewed efforts to reach an agreement.

Outlined below is an initial overview of the highlights of the agreement.

Funding Levels and Duration

The conference agreement authorizes federal highway, transit, highway safety and motor carrier safety programs through September 30, 2014. This is one year longer than the duration of the Senate-passed bill. The House had advocated for a five-year bill but was unable to identify additional revenue sources to fund a bill of that length.

The conference agreement would provide total funding from the Highway Trust Fund of \$109.2 billion over the two-year period of fiscal years 2013 and 2014 for surface transportation programs.

The report recommends an obligation authority on the federal-aid highway program of \$39.699 billion in FY 2013 and \$40.256 billion in FY 2014. This compares to a total of \$39.144 billion enacted for FY 2012.

For contract authority from the Highway Trust Fund, the conference agreement provides a total of \$40.439 billion for the Federal Highway Administration in FY 2013 and \$40.995 billion in FY 2014. This compares to a total of \$41.024 billion enacted for FY 2012.

For formula apportionments to the states, the report provides \$37.544 billion in contract authority in FY 2013 and \$37.865 billion in FY 2014.

The bill extends all current Highway Trust Fund taxes through September 30, 2016.

Distribution of Formula Funding

The conference agreement mirrors the Senate's approach by doing away with the traditional federal-aid highway formulas used to apportion funds and instead distributing funds to states based on each state's share of total highway funds distributed in FY 2012. These amounts would include both apportioned formula and allocated amounts. In FY 2014, there is an adjustment made to ensure that each state gets

at least a 95% rate of return on its Highway Account tax payments. Here is a breakdown of North Carolina's estimated apportionment under the conference agreement:

	FY 2011 Actual	FY 2012 MAP-21	FY 2013 MAP-21	FY 2014 MAP-21
North Carolina	\$1,080,286,189	\$1,006,490,585	\$1,006,490,585	\$1,015,116,316

Program Restructuring

The conference agreement largely mirrors the program consolidation proposals put forth by the House (in their abandoned bill, H.R. 7) and Senate (in their passed bill, S. 1813). The highway program is structured around four core formula programs: National Highway Performance Program, Surface Transportation Program, Highway Safety Improvement Program, and Congestion Mitigation and Air Quality Program.

Ferry Boats and Terminals Program

The conference agreement provides \$67 million annually for Ferry Boats and Terminals as contract authority from the Highway Trust Fund. All the funding will be distributed by formula based on number of passengers (20%), number of vehicles carried (45%), and route miles (35%).

Innovative Financing

The conference agreement increases TIFIA funding to \$750 million in FY 2013 and \$1 billion in FY 2014. The maximum share of project costs is raised from 33% to 49%. The agreement also includes a 10% annual set-aside for infrastructure projects in rural areas (defined as those located in areas with populations less than 250,000).

Tolling and PPPs

The conference agreement expands the ability of states to place tolls on federal-aid facilities for new capacity, but clarifies that the number of new toll lanes on non-Interstate federal roads cannot exceed the number of free lanes. The conference agreement does not include the provision from S. 1813 (known as the Bingaman amendment) that reduced highway formula funding for states that sell or lease toll facilities to private companies.

Transit

The conference agreement authorizes \$10.584 billion for FY 2013 and \$10.701 billion for FY 2014 for transit programs.

Rail

The rail title included in S. 1813 was dropped from the final conference agreement.